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CENTRAL INTELLIGENCE GROUP

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INTELLIGENCE REPORT

COUNTRY Austria

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SUPPLEMENT

SUBJECT Changes in Food Ministry; Resignation of Envoy to Moscow; Forthcoming SP Conventions; Anti-Helmer Feeling in Socialist Party

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1. Minister of Food Dr. Hans Frenzel is expected to resign and to be replaced by the present public administrator of the Schicht industries, Otto Sagmeister. The latter is the nominee of Andreas Korp, former Secretary of Food and the Socialist Party's economic expert. Otto Sagmeister, like Andreas Korp, comes from the consumers' cooperative movement. He is forty years old and completely unknown to the general public. Party leaders consider him an efficient but not an outstanding economist. He will, however, work closely with Korp and the party.
2. Sagmeister's appointment was to have been the subject of a meeting of Socialist Party directors to have been held on 23 October 1946. No opposition was expected in the party or in the government.
3. Karl Waldbrunner will resign as envoy to Moscow. He is thoroughly disgusted with the humiliating treatment accorded him by the Soviets. The Socialist Party feels that the experiment to improve Soviet-Socialist relations by sending a Socialist envoy to Russia has failed. They do not intend to name a new candidate, thus leaving to the Government the choice of a professional diplomatist. Waldbrunner is to be employed in coordinating economic affairs for the party.
4. The present party leadership is continuing its support of the coalition government and is not planning to precipitate any government crisis.
5. The forthcoming party convention is expected to be influenced by a serious crisis within the party. Minister Oskar Helmer, although still suffering from his recent grave illness, returned to the Ministry of the Interior, which had in the meantime been administered by State Secretary Graf (APP). There is a widespread movement afoot in the Socialist Party to replace Minister Helmer and to clean out "Fascist" officials appointed under his regime.   
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 Comment: Some Helmer appointees in the Austrian police were participants in the Dollfuss coup d'etat. This fact is sharply criticized by most Socialists. Adolf Schaerf and Julius Deutsch, however, are supporting Minister Helmer and building him up with the district leaders.
6. The Austrian Socialists are conscious that Socialist-Soviet disagreements are detrimental to the economic relations between Austria and the neighboring countries which are now in the Russian orbit. They also feel

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an obligation to maintain solidarity with the Socialists in these countries. Therefore, they are cooperating in the plans for a meeting of the Socialist parties of Austria, Czechoslovakia, Hungary, Yugoslavia, Romania, and Bulgaria. The meeting is to be held in Prague in late November or early December 1946. Deputy Prime Minister of Czechoslovakia Fierlinger is in charge of preparatory arrangements for this meeting.

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